

Treatment of Resales and 'Redirect of Resales' in STCP

Bob Zerfing, Rebecca Berdahl

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Goal

- Describe the preferred direction(s) of NW Regional customers in the treatment of Resales and 'Redirect of Resales' within the Short Term Competition/Preemption process and report the outcome to the NAESB OS February 2014 meeting.
- Discuss what should be included in the BPs recognizing that these will eventually be included in FERC's rulemaking

Questions Considered 02.05.14

1. Is it important for the NW Regional markets to continue transacting 'Redirect of Resales'?
2. What guidance do the current NAESB BPs provide for transacting Resales and 'Redirect of Resales'?
3. Is it necessary to notify 'downstream' transactions if the Original Reservation is recalled?
4. If 'yes' to 3., then who is responsible for the notification(s)?
5. Are there different outcomes for transactions using scheduling rights vs. firm capacity rights?
6. Are there different outcomes in the downstream transactions depending on the conditionality of the Original Reservation?

Questions Answered

1. Redirect of Resale(s) is a needed transaction
2. The current BPs provide key actions and concepts:
 - a. The TP can 'annul' downstream transactions if a reservation loses its firm capacity
 - b. A Resale is a 'scheduling right'
 - c. The Assignee of the Resale can redirect the firm capacity of the Resale
3. Notification to downstream transactions is needed when the upstream reservation loses its firm capacity'
4. Notification responsibilities is a combination of the Assignee and the TP
5. Scheduling rights and firm capacity rights are different

What We Heard

- The NW Region believes that Resales and 'Redirect of Resales' transactions are essential market actions which should continue within the Short Term Competition/Preemption timeframe. Within this timeframe market participants should be notified if capacity from upstream transactions were lost and the TP should annul all downstream transactions if the market has not done so within a certain timeframe.

Two Scenarios to Consider

- Combine the desired actions (e.g. Resale, Redirect of Resale, Annul and Notification)
 - Scenario A) **Conditional** Reservation, Resale, Redirect of Resale, Notification, Annul
 - ✓ When the Conditional Reservation is a Defender
 - Scenario B) **Unconditional** Reservation, Resale, Redirect of Resale, Notification, Annul

Important BPs

- WEQ-001-11.7.1 Once the conditional window on the Parent Reservation has closed, Resales for firm service are not subject to displacement in accordance with Business Practice Standard WEQ-001-11.
- WEQ-001-11 Any Transmission Customer (Reseller) shall have the right to offer for sale the scheduling rights associated with the PORs and PODs of a firm or non-firm PTP reservation (i.e., Parent Reservation). Any Eligible Customer (Assignee) may request to purchase scheduling rights from the Reseller.
- WEQ 001-11.6 The Assignee shall have the right to Redirect firm rights acquired through a Resale. Any such request shall be submitted directly to the Transmission Provider and will be queued and evaluated in the same manner as any other Redirect. (Subject to any limitations otherwise identified in these Business Practice Standard WEQ-001)

Current Motions

- Motion 11 - A Redirect shall be treated like an Original Reservation
- Motion 34 - BPs will be silent about the limiting of Redirects
- Motion 41 - Limitation on redirecting the resale shall be the same as that applied to redirecting the parent of the resale which is a defender.
- Motion 42 - New WEQ Business Practice standards shall be written to require that 1) the Competing Request_Flag shall be set to “Y” for all defenders and all resales associated with defenders and 2) the Transmission Provider shall suspend taking action on redirect of request/reservation with the Competing_Request_Flag set to “Y” until completion of the preemption and competition process.
- Motion 45 – only the ATC portion of a pending Redirect can be lost if the Redirect is bumped or superseded e.g. the Challenger does not have access to the capacity associated with the Parent Reservation. If the Redirect is a Challenger, they only challenge for the capacity that is needed apart from their parent reservation

Current Motions (cont'd)

- Motion 54 – The Defender Redirect cannot use the Parent Reservation to enable their Match
- Motion 14 - Resale reservations shall not be considered as eligible defenders to meet the requirements for granting a challenging request. The capacity resold shall be considered as still held by the original reservation for service from the Transmission Provider and subject to preemption and competition under the terms of the original reservation. (order 890-A par. 819)

Scenario A

- Conditional Parent can loose capacity by:
 - Being a Defender
 - ✓ Superseded or bumping
 - ✓ Loose their Match
- Resale is annulled by the TP (WEQ 001-11.1.2)
 - Motions 42 and 45
 - ✓ The TP can annul all downstream Resales associated with the Defender
 - ✓ The processing of the pending Redirect of Resale is suspended until the C&P process outcome is known
 - ✓ The capacity of the losing Defender used to enable the *pending* Redirect is recalled
 - ✓ The capacity of the Defender used to enable a *confirmed* Redirect of Resale will not be recalled from the Redirect

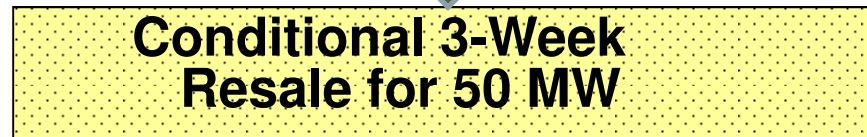
Redirect of Resales: Breaking the Link

POR A **POD B**



Resale Transaction

POR A **POD B**



What happens when the Assignee redirects 25 MW of the 2nd week to a different path?

Redirect Transaction

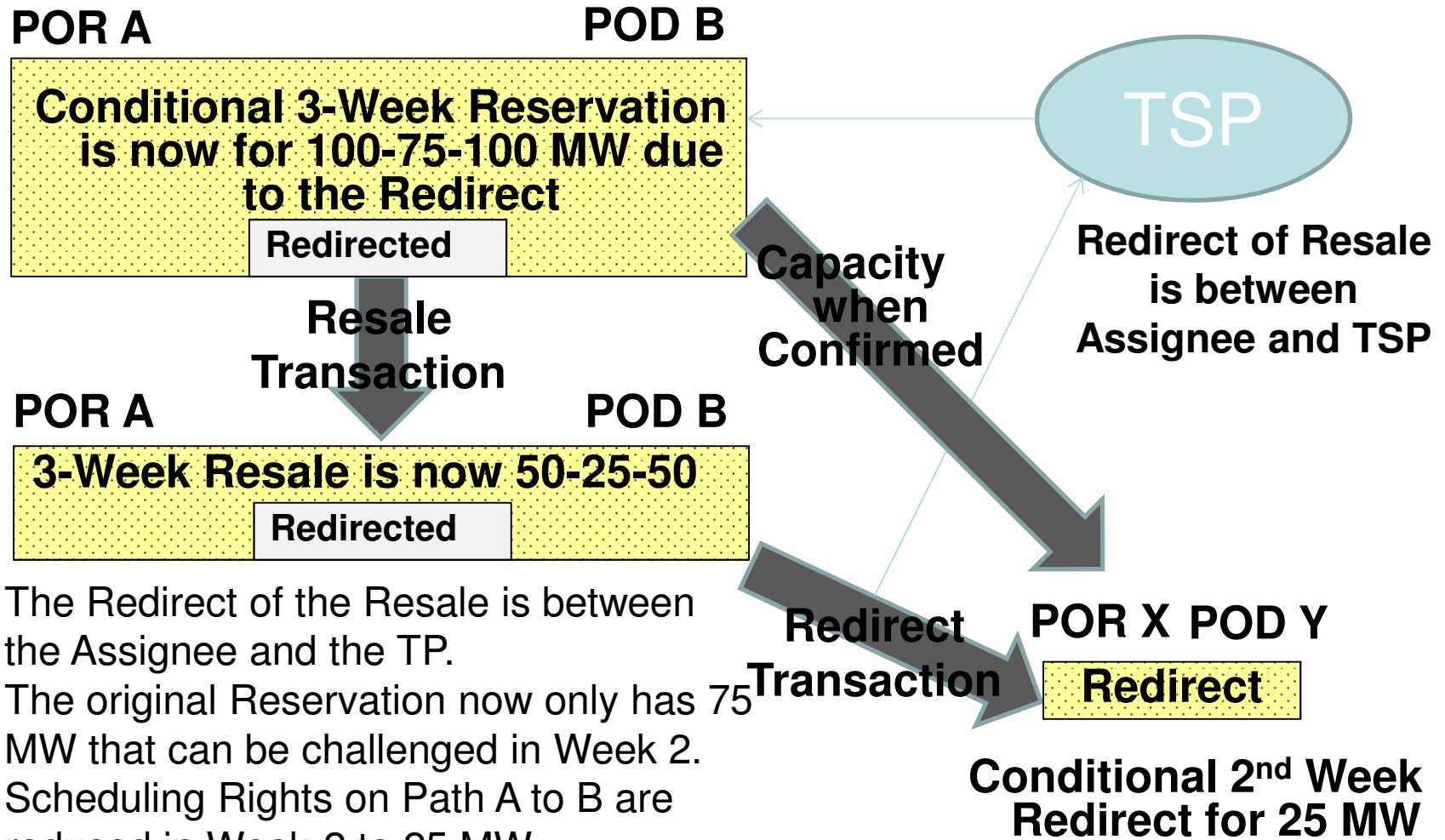
POR X **POD Y**



Conditional 2nd Week Redirect for 25 MW

1. Resale is 3-weeks of 50 MW of Scheduling Rights Only
2. The original Reservation remains as it was, a Conditional 3-week Reservation for 100 MW.

Redirect of Resales: Breaking the Link

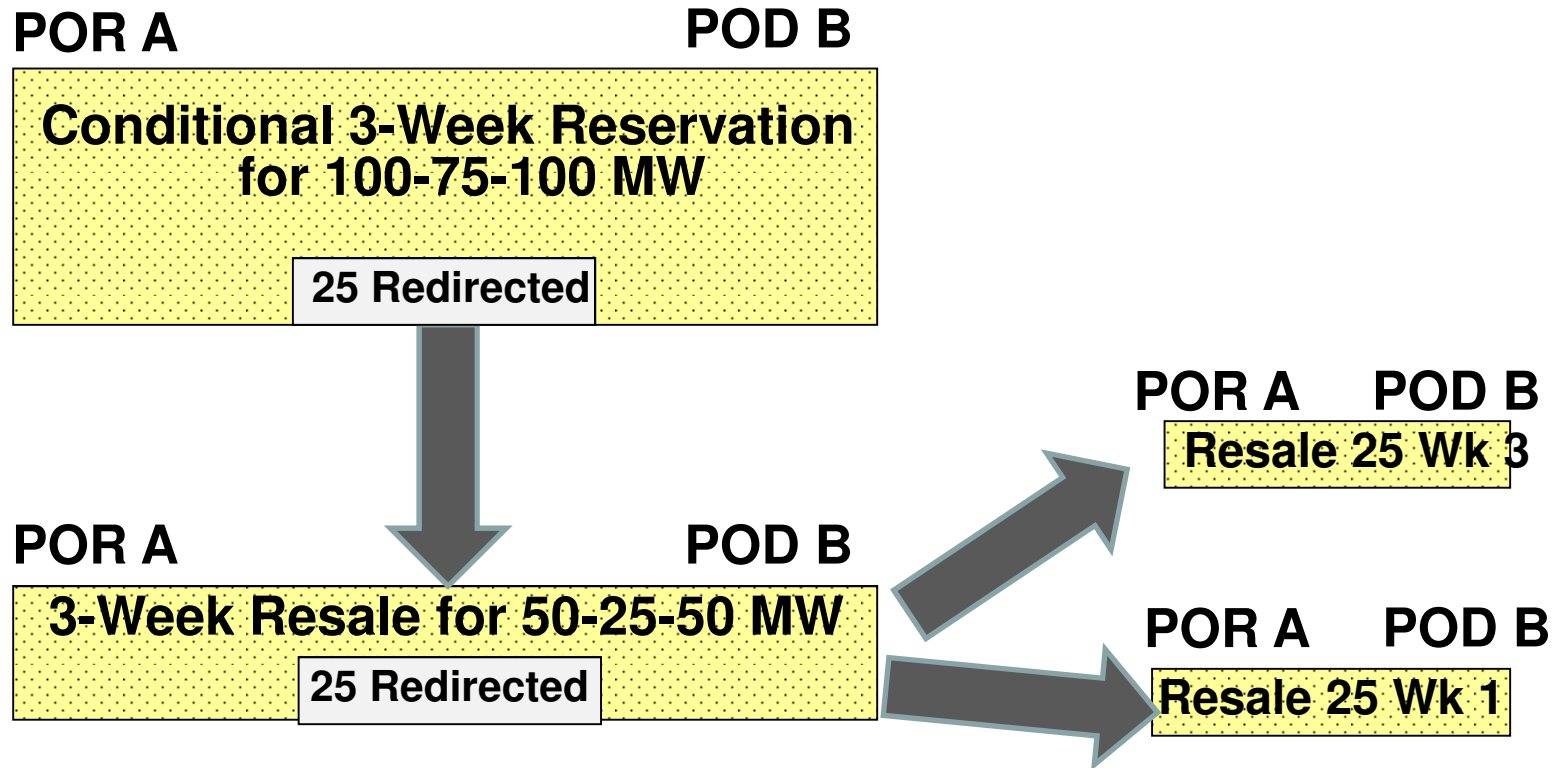


1. The Redirect of the Resale is between the Assignee and the TP.
2. The original Reservation now only has 75 MW that can be challenged in Week 2.
3. Scheduling Rights on Path A to B are reduced in Week-2 to 25 MW.
4. The Redirect now has capacity and scheduling rights on Path X to Y and is treated as an Original.

Scenario A (cont'd)

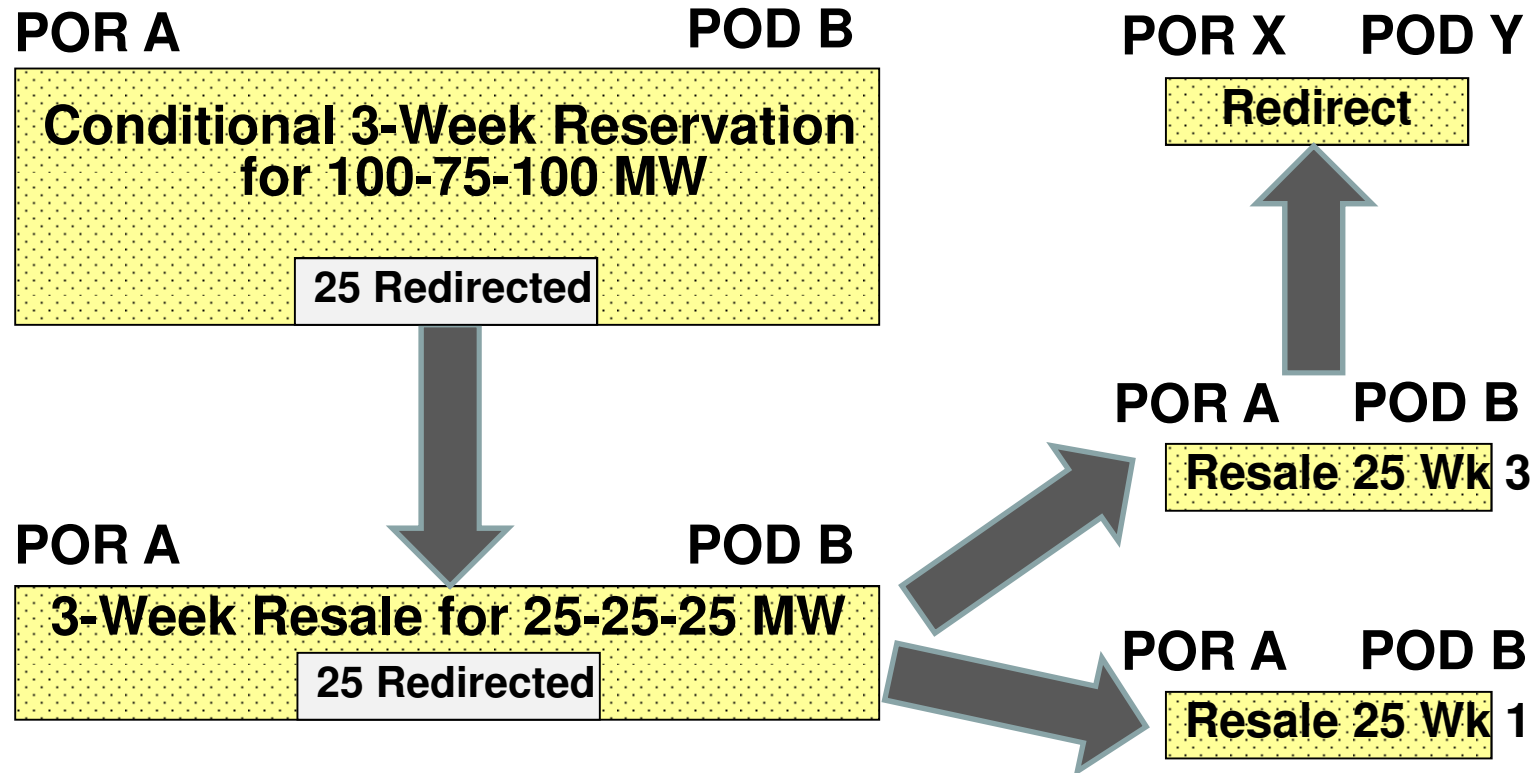
- Notification
 - 'Blast' Method used for supersede/bumping or all?
 - 'Time Limited Stair Step' Method used for Match action or all?
 - 'OASIS Notification Assignment' provides 'defender' status to the Conditional Parent Reservation
 - Different response time limits needed for Daily, Weekly, Monthly
 - This notification can be enlarged to include all Resales and pending redirect of Resales per Motion 42

Redirect of Resales: Notify All Associated Resales



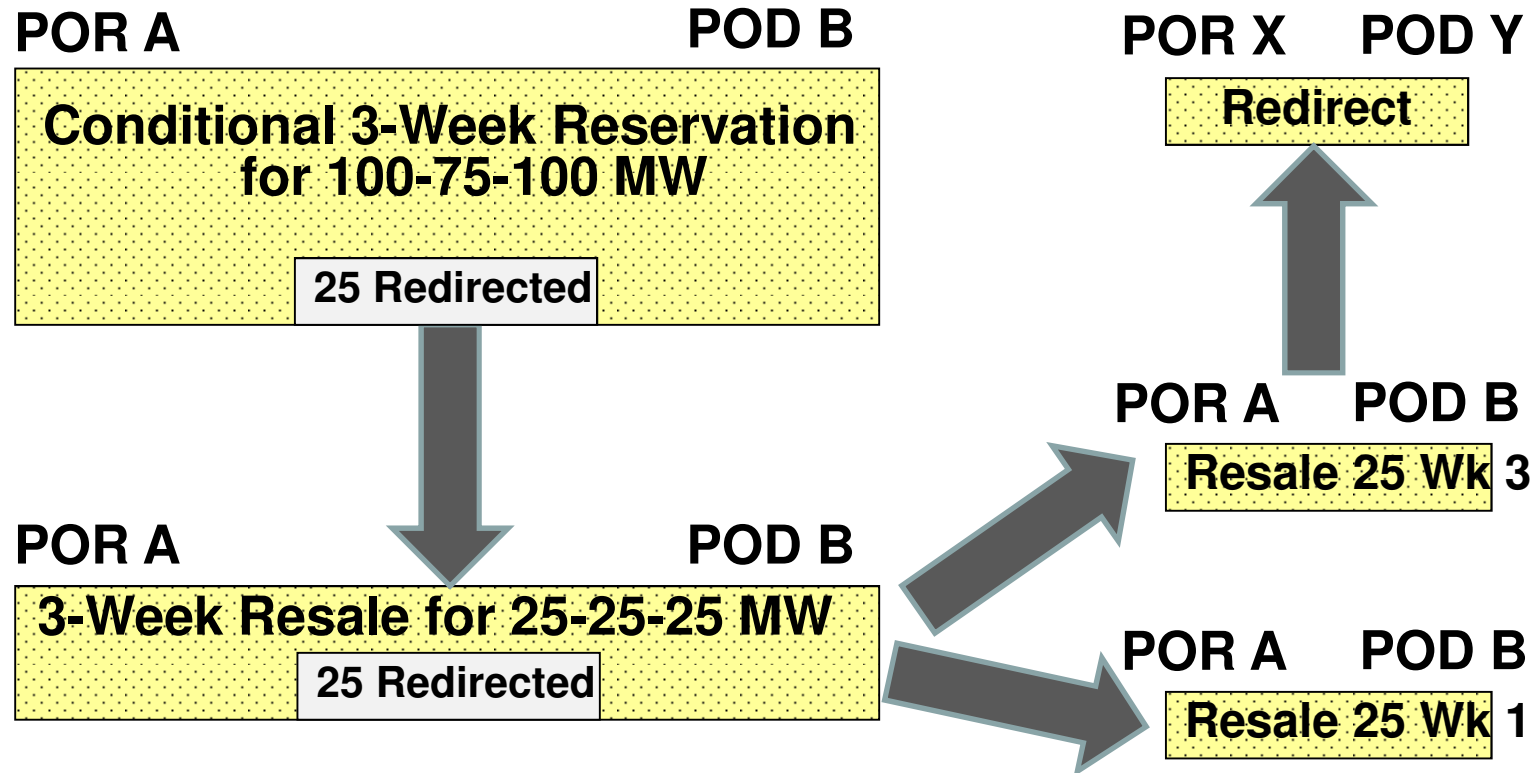
1. The Week 2 Redirect for 25 MW has been Delinked from both the Original and Resale.
2. Scheduling Rights on Path A to B MW per week are 50-25-50.
3. Customer resells the extra 25 MW in week 1 and week 3.
4. Original Parent still has 100-75-100, the original Resale now has scheduling rights to 25 MW for all three weeks, and the two new resales are 25 MW each

Redirect of Resales: Notify All Associated Resales



1. If the Week 3 Resale is Redirected to POR X to POD Y, who all gets notified if the original Reservation loses Capacity?
2. Original Reservation? Yes
3. Original Assignee? Yes
4. Week 2 Redirect? No – Delinked
5. Week 1 Assignee? Yes
6. Week 3 Assignee? No – No Scheduling Rights remaining
7. Week 4 Redirect? No – Delinked

Redirect of Resales: Annul All Associated Resales



1. Time is needed between Notify and Annul for Assignee to take action.
2. If the Week 3 Resale is Redirected to POR X to POD Y, who all gets annulled if the original Reservation loses Capacity?
3. Original Assignee? Yes
4. Week 2 Redirect? No – Delinked
5. Week 1 Assignee? Yes
6. Week 3 Assignee? No – No Scheduling Rights remaining
7. Week 3 Redirect? No – Delinked

Scenario B – Unconditional Parent

- All Resales are 'safe'
- Redirect of Resales
 - Pending when they are first queued
 - The capacity from the Unconditional Parent Reservation used to enable the pending Redirect cannot be competed
 - Credit of Redirect applies to this type of Redirect
 - Redirect of Resales can be a Challenger
 - A confirmed conditional Redirect cannot go back to the Parent Reservation to enable it's Match (Motion 54)

Entergy Order

- Should the OS implement BPs for Redirect and Redirect of Resales when the outcome of the FERC discussion has not concluded?
- WesTTrans currently uses OATI software which moves the capacity with the Resale. Should the NW Region push for that option even though it is contrary to FERC's definition of "Scheduling Rights only".

What to Report to the OS

- Retain the Resale and Redirect of Resale while the parent is conditional
- ‘Blast’ notification can be used to notify all downstream Assignees.
- Edit/add the OASIS Notification Assignment spreadsheet to include notifications to all customers that have been flagged in Motion 42 and require those TCs to affirm the retention of their transaction (Annul is the default action)